

THE KYRGYZ REPUBLIC: FY 2004 COUNTRY COMMERCIAL GUIDE

August 2003

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TABLE OF CONTENTS

| |
|---|
| CHAPTER 1 EXECUTIVE SUMMARY |
| CHAPTER 2 ECONOMIC TRENDS AND OUTLOOK |
| CHAPTER 3 POLITICAL ENVIRONMENT |
| CHAPTER 4 MARKETING U.S. PRODUCTS AND SERVICES |
| CHAPTER 5 LEADING SECTORS FOR U.S. EXPORTS AND SERVICES |
| CHAPTER 6 TRADE REGULATIONS AND STANDARDS |
| CHAPTER 7 INVESTMENT CLIMATE |
| CHAPTER 8 TRADE AND PROJECT FINANCING |
| CHAPTER 9 BUSINESS TRAVEL |
| CHAPTER 10 ECONOMIC AND TRADE STATISTICS |
| CHAPTER 11 U.S. TRADE CONTACTS |
| CHAPTER 12 MARKET RESEARCH |
| CHAPTER 13 TRADE EVENT SCHEDULE |

CHAPTER 1: EXECUTIVE SUMMARY

The Kyrgyz Republic is a small, low-income country emerging from decades of Soviet rule. Since independence, the country has undertaken the important transition toward a democratic political system and a market economy. Significant achievements include decreasing inflation, successfully completing a mass privatization program and establishing a currency that is freely convertible with no controls on capital flows.

Despite these achievements the transition to a market economy is only partially complete. Property rights and the legal system are still weak. International accounting standards have been introduced to the banking system and partially to the industrial sector. International donors, including USAID, are supporting programs to strengthen these areas. The Kyrgyz Republic remains very poor with wages averaging 1617 som (\$38.50) per month in 2002. Unemployment remains very high. International donors finance most major budget items.

Recent development projects have focused on telecommunications, power system rehabilitation, agricultural and irrigation system development, road construction, and corporate management.

CHAPTER 2: ECONOMIC TRENDS AND OUTLOOK

The Kyrgyz Republic's major exports are gold, textiles, non-precious metals, electricity, footwear, tobacco, alcoholic beverages, and mechanical equipment. Major imports include fuel, natural gas, iron, machinery, chemical products, medicine, and food products. The Kyrgyz Republic eliminated export tariffs and has a uniform import tariff of ten percent on most goods. The Kyrgyz Republic is a member of the World Trade Organization

MAJOR TRENDS AND OUTLOOK

The Kyrgyz economy suffered serious declines in output following the break-up of the Soviet Union. The industrial portion of the economy was skewed strongly toward defense industries and included little manufacturing capacity that processed raw materials produced in the Kyrgyz Republic.

Following independence, the Kyrgyz government (GOKG) carried out progressive market reforms. In 1995-1997, the reform policies began to bear fruit as inflation decreased, the currency stabilized and economic growth resumed. However, the economy steadily worsened in the course of 1999 with inflation reaching 40 percent. The European Bank for Reconstruction and Development (EBRD) estimates that 84 percent of the population is below the poverty line, while the GOKG estimates the poor at 52.3% of the population. The country faces an external debt of USD \$1.9 billion. Industrial production remains significantly below pre-independence levels. The level of hardship for pensioners, unemployed workers, and government workers with salary arrearages continues to be very high. The Kyrgyz Republic posted inflation of 2.5% in 2002 with GDP growth of 0.5%.

PRINCIPAL GROWTH SECTORS

The agricultural sector expanded at a rate of 6.8% in 2001, making it the fastest growing sector of the Kyrgyz economy. However, mining has attracted more foreign investment than any other sector.

GOVERNMENT ROLE IN THE ECONOMY

In 2001, the GOKG published its Comprehensive Development Framework (CDF) for 2001-2010. The

CDF contains the following goals for strengthening the economic stability of the country:

- Modernization of the tourism, telecommunications and transport infrastructures.
- Reduction and rationalization of the government's regulatory role in the economy.
- Implementation of more sound fiscal, taxation and monetary policies.
- Reform of the judicial system to protect property rights.
- Poverty reduction and employment creation, especially among Kyrgyz youth.
- Strengthening and reform the banking sector.

The GOKG's targets under the CDF are ambitious, including a fifty percent reduction in poverty by 2010. Current levels of economic activity indicate that the GOKG will need to take immediate steps in all of the aforementioned areas to reach their economic targets.

INVESTMENT POLICY

The President of the Kyrgyz Republic has made attracting foreign investment a priority and has supported the creation of an administrative structure that is specifically tasked to improve the investment climate. Deputy Prime Minister Djoomart Otorbaev heads this "Secretariat for Attraction of Foreign Investment" (the Secretariat) and leads the effort to identify and remove barriers to foreign investment.

During roundtables held in 2001, 2002 and 2003, the GOKG and members of the business and diplomatic communities discussed needed reforms and a strategy for marketing the Kyrgyz Republic to foreign investors. The participants developed a detailed plan to encourage investment through reform of the government banking sectors, the legal system and infrastructure improvement. Despite the Secretariat's efforts, implementation of this plan has been plagued by delays in both parliamentary approval of needed changes to Kyrgyz law and action by the relevant bureaucracies.

BALANCE OF PAYMENTS

In 2002, the current account of the balance of payments had a deficit of USD 54.0 million. This figure represents an increase from the current account deficit of 50.5 million in 2001. The Kyrgyz Republic ran a trade balance deficit of USD 52.1 million in 2002, compared to a surplus of 40.0 million in 2001. This worsening of the 2002 trade balance was caused by a 4.2 percent decrease in exports combined with a 10.4 percent increase in imports.

CAPITAL OUTFLOW POLICY

The negative balance of the capital account has decreased from USD 32.0 million in 2001 to USD 26.7 million in 2002. The net inflow of direct international investments in 2002 totaled USD 25 million as opposed to USD 22 million in 2001.

GOKG external debt is \$1.5 billion. The Paris Club agreed in March 2002 to reschedule without concession the Kyrgyz debt. Debt service due to bilateral creditors for 2001-2004 will be reduced to USD 5 million from USD 130 million, although no principal will be written off. The agreement however includes a goodwill clause for a stock rescheduling upon the successful completion of the poverty reduction and growth program now being implemented by the GOKG. Japan and Russia (the main debtors) had both been opposed to debt restructuring. However, the Japanese have softened their position after learning the extent of the debt burden.

CAPITAL INVESTMENT IN INFRASTRUCTURE

The infrastructure situation in the Kyrgyz Republic is poor and deteriorating. The road system is somewhat better in the northern part of the country, with reasonably easy access to neighboring Almaty (3 hours by car in good weather). The roads connecting the north and south portions of the country are in extremely poor repair and are often impassable. The Asian Development Bank is financing a project to rehabilitate the main north-south road, running from Osh to Bishkek. Some road maintenance continues but overall conditions are slowly declining. The airport infrastructure is also in poor condition. However, several foreign companies are currently working on projects to upgrade airport infrastructure in Bishkek and Osh. A project for constructing the transcontinental Jalalabad-Torugart-Kashgar (China) railroad has begun. This will be the shortest rail link between Europe and Asia.

Telecommunications connections are minimally acceptable. Local calls nearly always go through and connections with other CIS countries are generally good. Reaching more remote places in the Kyrgyz Republic can be difficult. International connections are of reasonable quality but overloaded. E-mail and Internet access is easily available from commercial services only in Bishkek and the major cities. A project for modernization of TV and radio broadcasting is being implemented. The project includes reconstruction and privatization of radio relay lines, as well as modernization of TV and radio stations networks.

CHAPTER 3: POLITICAL ENVIRONMENT

NATURE OF POLITICAL RELATIONSHIP WITH THE UNITED STATES

The United States and the Kyrgyz Republic have good bilateral relations. The United States was among the first to open an embassy in the Kyrgyz Republic and the fledgling country's early steps toward democracy and economic reform garnered strong support from the United States. However, the U.S. has made clear its concerns over recent backsliding on democratic reforms. The U.S. has a broad assistance program that in FY2002 totaled USD \$115 million.

U.S. military forces, under the aegis of the Coalition Against Terrorism, established Ganci Airbase at Bishkek's Manas International Airport in December 2001. The Kyrgyz Republic is a member of the Coalition and has been extremely supportive of the War on Terrorism. The Airbase has played a major role in Coalition operations in Afghanistan.

MAJOR POLITICAL ISSUES AFFECTING THE BUSINESS CLIMATE

The foremost issue affecting the business climate is the ability of the government to successfully implement its economic reform program. On the whole, the population is supportive of reform, but vested interests, pervasive corruption, and old ways of conducting business remain serious obstacles. Lately, authorities have taken steps to address these problems, but there is no assurance that these actions will be sufficient to deal effectively with them.

In the summer of 1999, armed insurgents entered the southern Kyrgyz Republic and took a number of captives including Kyrgyz citizens and foreigners. The U.S. Department of State cautions U.S. citizens to avoid all travel south and west of the provincial capital Osh. Please contact the U.S. Department of State for the latest information.

POLITICAL SYSTEM

The Kyrgyz Republic has an elected president who serves a five-year term. The members of the bicameral parliament also serve five-year terms. Voters elected Askar Akayev to a second term in

December 1995 in an election that was marred by irregularities. The 2000 parliamentary elections were determined by the OSCE not to have been free and fair. Presidential elections are scheduled for 2005.

The presidency is very powerful and controls all executive and judicial branch appointments, mostly without parliamentary oversight. There has been an increasing tendency for the Presidential administration to take over decision-making authority from line ministries, further centralizing decision-making power.

The Parliament consists of elected officials whose main task is to draft and approve legislation and to ratify treaties. The current Parliament was seated in April 2000. The judiciary is statutorily independent, but in reality fairly weak.

CHAPTER 4: MARKETING U.S. PRODUCTS AND SERVICES

DISTRIBUTION AND SALES CHANNELS/FINDING PARTNERS

The former Soviet distribution and sales networks have completely collapsed. The nascent private sector is beginning to fill in this vacuum but mostly on a very informal and small-scale basis. Many western products reach the Kyrgyz Republic via distributors based in Turkey, Russia, or Europe. Finding a local agent or distributor is a challenging process because there are few sources of reliable information on potential partners.

FRANCHISING/DIRECT MARKETING

Franchising and direct marketing are poorly developed in the Kyrgyz Republic. According to the law on property rights, protection of trademarks, logos, and intellectual property is available. Foreign investments with franchising potential (Coca-Cola, Xerox, Kodak, Motorola, etc.) are represented in the country.

CHAPTER 5: LEADING SECTORS FOR U.S. EXPORTS AND SERVICES

Below is a brief overview of activity in key economic sectors.

BEST PROSPECTS FOR AGRICULTURAL PRODUCTS

The agriculture sector is the largest sector in the Kyrgyz Republic but is disorganized and undercapitalized. Several donor projects are focused on improving credit to the sector and there are opportunities for small scale operations in a variety of areas: improved seed, fertilizer, small scale farm equipment, food and textile processing equipment, improved storage, and packaging.

Although a law establishing private ownership of land has been enacted, as of July 2003 it has not been implemented.

BEST PROSPECTS FOR NON-AGRICULTURAL GOODS AND SERVICES

A) Mining: There are several large joint venture mining project contracts, including some with U.S. partners. There are also programs for coal industry development and a program for geological surveys for oil and gas. So far the only project that has made any significant progress toward fruition is the

Canadian gold mining joint venture Kumtor. In 2002, the company produced 528,550 ounces of gold, which is equivalent to 16.44 tons of gold. When other projects get off the ground there may be potential for export of mining equipment and technology. Surveyed gas deposits amount to 4.9 billion cubic meters, presenting another investment opportunity. The GOKG is presently seeking investors for a joint-stock company that specializes in locating, surveying and exploiting gas and oil deposits.

B) Electric power: The Kyrgyz Republic is a major producer of hydroelectric power and has great unexploited potential. Several potential projects are on the drawing board, but need secured export markets and project financing. Projects include upgrade of the district power and heating plant, upgrade and maintenance of the electric distribution system, and others, providing opportunities for electric power equipment exports.

C) Tourism: Considering the geographic position and mountainous topography of the country, there are many opportunities for developing tourism. Issyk-kul, the second largest alpine lake in the world, is an excellent place for developing recreation facilities, since existing facilities are far below international standards. However, poor internal infrastructure and limited international air service are constraints to development.

D) Other industries: The government supports new technologies including production of basalt fibers, synthetic diamonds, constant magnets, nitrite, ceramics, transformers, etc. The radio-electronic industry and silicon production in the Kyrgyz Republic are priorities for development, but remain underdeveloped. There is a variety of niche opportunities in small and medium-scale light manufacturing equipment. Because light industry is based on the use of domestic raw materials (wool, cotton, silk), financial and organizational measures are necessary to upgrade textile and knitting enterprises. Agricultural produce processing and packaging presents another investment opportunity.

CHAPTER 6: TRADE REGULATIONS AND STANDARDS

Trade barriers, including tariffs, non-tariff barriers and import taxes the Kyrgyz Republic has a uniform import tariff rate of ten percent on all goods. In addition tobacco, alcohol, precious metals, petroleum, carpets, coffee and cocoa, jewelry, crystal, fur, and firearms have excise taxes of 10-20 percent. A twenty-percent VAT is levied on all imports except for those produced in Russia, Azerbaijan, and Belarus.

FREE TRADE ZONES

There are several free trade zones. They have been established in major transit areas of the Kyrgyz Republic, at Manas airport (in Bishkek) and in special zones located close to railway stations and customs posts along the Chinese border. Goods entering and goods traded within these zones are duty free. If these goods are sold within the Kyrgyz Republic all duty fees will be paid in full. Goods can be sold to third countries free of double taxation.

CUSTOMS VALUATION

According to the Article 242 of the Custom Code of the Kyrgyz Republic customs value of goods imported to customs territory of the Kyrgyz Republic shall be determined by way of applying the following methods:

- Transaction value of imported goods
- Transaction value of identical goods
- Transaction value of similar goods
- Deductive method
- Computed method

- Provisional method

The method of determining customs value of goods by using the transaction value of imported goods shall be the principal method. In case where the principal method cannot be applied, each of the methods listed above shall be applied in sequence. In that respect, each subsequent method shall be applied where the customs value cannot be determined by way of using a previous method.

Upon the declarer's application, the deductive and computed methods may be used in any sequence.

Three methods are used:

- Ad Valorem, calculated as a percentage of the price of the Goods
- Specific, calculated at a standard amount per unit
- Combined, including both of the above methods

IMPORT LICENSES

Import of the following goods is subject to licensing: cipher equipment; military armament and armaments techniques; equipment to combat toxic agents/poison gases; nuclear materials and technologies; dual-use materials, equipment and technologies; precious metals and alloys; natural precious stones; narcotic remedies, psychotropic substances and precursors; powerful poisons; dangerous wastes; medical remedies; alcohol and alcohol products; official (law enforcement) and civilian arms; tobacco.

DOCUMENTATION REQUIREMENTS FOR IMPORTS:

- Cargo customs declaration;
- Accompanying documents pertaining to any cargo (waybills, packing sheets, customs declaration of departure country or transit country, etc.)
- Contracts
- Invoice
- Safety certifications;
- Certificates of Origin;
- Certificate of conformance;
- Letter/Power of Attorney documents confirming authorization of the individual for completing proper customs processing and clearance.

A legal entity should also submit the following:

- Company charter;
- Incorporation agreement;
- Certificate of Registration;
- Bank reference confirming availability of bank account;
- Reference from the local tax agency;

If necessary, they should also submit the following:

- Phyto-sanitary certificate
- Veterinary certificate
- License for import/export

Customs officers can request additional documents to confirm information indicated on the customs declaration form.

BODIES RESPONSIBLE FOR CERTIFICATION:

- Kyrgyz Chamber of Commerce and Industry;
- The National Agency on Standardization and Metrology (Kyrgyzstandard)
- The State Department of Sanitation and Epidemiological Surveillance under the Ministry of Health
- The State Agency on Plant Quarantine under the Ministry of Agriculture and Water Resources

- The Veterinary Department
- The Ministry of Environmental Protection

PROHIBITED IMPORTS AND EXPORTS:

Narcotics and pornography

EXPORT CONTROLS

In order to promote exports, the GOKG has introduced a zero customs rate for exports from the Kyrgyz Republic.

TEMPORARY ENTRY OF GOODS

In case of temporary entry of goods, the following documents are needed:

- Registration documents for the goods, documents proving rights of ownership and a form of obligation that the goods will be removed from the Kyrgyz Republic after a time.

LAW FIRMS

Bishkek office "Leboeuf, Lamb, Greene & Macrae, LLP"

Mr. John T. Corrigan, Lawyer

205, Panfilov Street, 720040 Bishkek, Kyrgyz Republic

Tel: 996 (312) 222994, 996(317) 771753

Fax: 996 (312) 662233

E-mail: llgm@mail.elcat.kg or corrigan@elcat.kg

Dignitas Law Firm

Mrs. Gulnara Kalikova

Owner/Founder, Business and Investment Lawyer

66, Kalyka Akieva Street, 720010 Bishkek, Kyrgyz Republic

Tel: 996 (312) 650536

Fax: 996 (312) 650980

E-mail: gkalikova@dignitas.kg, lawyer@dignitas.kg

"Partner" Law Firm (affiliated with Patterson, Belknap, Webb & Tyler)

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57, Kalyka Akiyeva Street, #21, 720001 Bishkek, Kyrgyz Republic

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Fax: 996 (312) 650380

E-mail: bakyt@imfiko.bishkeksu

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Tel: 996 (312) 661903, 621973, 621974

Fax: 996 (312) 661903

E-mail: veritas@elcat.kg

Web-site: www.veritas.web.kg

LABELING REQUIREMENTS

Kyrgyz law requires that the text on labels for food products be in Kyrgyz and Russian.

STANDARDS

U.S. Commercial Service

The Kyrgyz Republic is a correspondent member of the International Standard Organization (ISO). The Kyrgyz Republic has around 400 Kyrgyz state standards as well as around 19,500 CIS intergovernmental standards. The GOKG has already begun to adopt ISO standards. As of July 1, 2003, the level of harmonization of Kyrgyz standards to international standards has reached 36 percent. By the end of 2003 Kyrgyzstandard plans to increase the level of harmonization to 50 percent.

MEMBERSHIP IN FREE TRADE ARRANGEMENTS

On April 15, 1994, CIS states (Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, the Kyrgyz Republic, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan) signed an agreement to establish a free trade zone. According to the agreement, imports of goods produced within the CIS having respective certificates of origin are not subject to any customs or value added taxes in the Kyrgyz Republic. However, this exemption does not cover excise goods, furniture, video, television, computer equipment, or any accessories to the above electronic equipment. Russia, Belarus, Kazakhstan, the Kyrgyz Republic, and Tajikistan have also signed an agreement on customs.

STEPS TO ESTABLISHING AN OFFICE

A). Registration

In order to start operating in the country, a legal entity must be registered with three governmental bodies: the Ministry of Justice of the Kyrgyz Republic (receives registration certificate containing the registration number as well as entry of data into the Unified State Register of Legal Entities), the National Statistics Committee (receives statistical registration card as well as entry of state registration data into the United Single State Register of Statistics) and the State Tax Inspectorate (receives a unique identification number that is to be entered in all financial, accounting, and customs documents). However, for individual entrepreneurs need only register with the Statistics Committee and the Tax Inspectorate.

According to the Ministry of Justice regulations, in order to be registered as a legal entity, a business must submit the following documents in three copies:

- Application;
- Company charter;
- Incorporation agreement;
- Certificate of Registration in home country (if the founder is foreign enterprise) or passport/ID with visa validity (if the founder is foreign citizen), with notarized translation by a Kyrgyz notary office;
- Documents confirming charter capital.

An enterprise can operate as a limited liability company, additional liability company, joint-stock company, general or limited partnership, foreign enterprise or enterprise with foreign participation. There are some additional types such as individual entrepreneur, representative office, branch office, commercial cooperatives and credit Unions. All incorporating documents should be in Russian or Kyrgyz and be notarized by a Kyrgyz notary office.

B). Taxation of companies

The following basic taxes should be paid:

- Value-added tax (VAT) - 20 percent monthly or quarterly
- Profit tax - 20 percent monthly
- Road fund tax – 0.8 percent of the cost of goods and services sold quarterly
- Emergency fund tax - 1.5 percent monthly

- Fee for municipal garbage removal
- Social fund - 31 percent monthly of minimum wage multiplied by the number of employees (as of June 2000, the minimum wage was 100 som or USD \$2.1 per month)
- Employer's share, 7 percent - deducted from the employee's wage
- Income tax - up to 20 percent monthly deducted from employees' salaries (according to a scale of the ministry of finance for calculating income taxes)
- Agricultural land tax (rates of land tax depend on quantity and location of lands)

C). VAT for import

The following items are exempt from VAT:

- Deliveries of goods for natural disasters;
- Goods entering the Kyrgyz Republic erroneously
- Goods for officials (diplomatic, consular representatives) and members of their families for personal purposes
- Previously exported goods that are imported by the same importer
- Goods imported temporarily with a guarantee that they will be exported during the next 12 months without any alteration
- Technological equipment imported as an assessed contribution to authorized capital Stock or as fixed assets according to the list approved by the Government
- Humanitarian aid
- Certain medicines
- Textbooks and school accessories, as well as scientific literature
- Baby food and formula
- Import goods originating in CIS countries, except in cases covered by intergovernmental agreements ratified by the Kyrgyz Parliament
- Capital goods imported as basic means of production

The VAT amount on goods is calculated in the currency in which their value is declared. Maximum fees for declared cost of goods may include:

- 20 per cent for VAT;
- 0.15 per cent for processing documents;
- 10 per cent for customs duties or excise taxes for excise goods.

ACTIVITIES REQUIRING LICENSING

- Exploration, prospecting and use of mineral deposits
- Building dams on rivers and reservoirs
- Hunting and catching birds
- Manufacture and sale of drugs, medicine, perfume cosmetic and chemical substances, and medical equipment, except enterprises that sell soap, cleanser and perfume-cosmetic goods with a certificate of quality from the manufacturers
- Production of beer, wine, champagne, liquor, vodka, cognac and alcohol
- Private medical and veterinary practice
- Organization of gaming and gambling establishments
- Any kind of aviation services, reception and release of civil aviation aircrafts, technical maintenance of aircrafts and their equipment
- Urban planning, drafting and design of housing, public buildings or industrial construction
- Building and assembly jobs, excluding individual residence buildings construction;
- Private detective activity

- Banking operations, credit union and pawnshop activities, attraction by legal entities of population's funds on terms of terminability, recovery and playability
- Securities
- Insurance
- Non-governmental pension funds
- Postal and electrical connections, telecommunications, TV and radio broadcasting, including design, construction, production and installation of networks, lines and systems, except internal technological connections for industry
- Trade in alcohol
- Generation, transmission, distribution and sale of electric power and heat; oil and gas processing
- Construction of electric power plants, substations and transmission lines;
- Auditing
- Private educational institutions
- Importing, developing, producing or selling explosive or pyrotechnic products
- Production, repair and trade of arms and ammunition
- Obligatory certification works
- Production and sale of poisonous and radioactive substances
- Utilization, placement, destruction and burial of waste toxic materials and substances including radioactive material and substances
- Transportation (including cross-border) of toxic waste
- Administration of bankruptcy process procedures
- Juridical practice (private notary activity and advocacy)
- Passenger (excluding cab) and international cargo transportation by auto transport, transportation by air, water and railway transport

ADVERTISING AND TRADE PROMOTION

A full range of advertising opportunities are available in print, radio, television, billboards, promotional goods and sponsorship of events. There are several local advertising agencies that can handle campaigns.

Contact information for major agencies, newspapers and others:

Print media

Aalam ('The UNIVERSE'), Kyrgyz language; private

Address/postcode: Sovetskaya 73, 720005

Phone: 544-209, 544-212

Circulation: 18,000

Publication day: Wednesday

Contact: Editor-in-chief: Mr. Bazarbai Boukanbekov; Executive Editor: Mr. Nourgazy Anarkoulov

E-mail: aalamga@hotmail.com

Agym ('The CURRENT'); Kyrgyz language; private

Address/postcode: Manas 40 (2nd floor), 720001

Phone: 666-570; 222-257

Fax: 665-548

Circulation: 15,000

Publication day: Friday

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Contact: Editor-in-chief: Mr. Melis Eshimkanov; Deputy Editor-in-chief: Mr. Alym Toktomoushev – 665-702; 665-842;
E-mail: agym@users.kyrnet.kg

AKI Press (Russian language; private journal)
Address/postcode: Moskovskaya 189, 720001
Phone: 650-202, 650-204
Fax: 650-204, 610-396
Circulation: 400
Publication days: monthly
Contact: Editor-in-chief: Mr. Marat Tazabekov; Ms. Alina Sagynbayeva: 650-202
E-mail: saginbaeva@akipress.kg

The Bishkek Observer (private)
Address/postcode: Frunze 429, 720021
Phone: 289-596; 289-388
Fax: 289-384
Circulation: 3,000
Publication days: Tuesday
Contact: editor: Mr. Avtar Singh
E-mail: observer@elcat.kg; dssuri@elcat.kg

Delo Nomer ('CASE Number'); Russian language; private; specializes in reporting crime stories
Address/postcode: Sovietskaya 190, 720001
Phone: 621-980; 664-917; 621-981
Fax: 663-866
Circulation: 50,000
Publication days: Wednesday
Contact: Editor-in-chief: Mr. Viktor Zapolsky
E-mail: cactus@elcat.kg
Homepage: <http://delo.to.kg>

Komsomol'skaya Pravda v Kyrgyzstan (Russian language, private)
Address/postcode: 24 Usenbaev, Apt. 30, 720021
Phone: 286-296; 681-806; 681-856
Fax: 681-806
Circulation: 15,300
Publication day: Friday, Saturday
Contact: Editor-in-chief: Mr. Qoubat Chekirov
E-mail: kutbilim@monk.bishkek.gov.kg

Kyrgyz Ordo
Address/postcode: Kievskaya 120 (3rd floor, room 19), 720026
Phone: 212-947
Fax:
Circulation: 5,000
Publication day: Thursday
Contact: Editor-in-chief: Mr. Beken Nazaraliyev

Limon, Russian language, private, youth oriented
Address/postcode: Moskovskaya 189, 720010

U.S. Commercial Service

Phone: 650-303
Fax: 650-204
Circulation:
Publication day: Friday
Contact: Editor-in-chief: Ms. V.A. Djamankoulova
E-mail: limon@akipress.org

Moya Stolitsa (Russian language, private)
Address/postcode: Turusbekova 47, 720001
Phone: 212-979; 218-855; 212-429; 666-651
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Circulation: 15,100
Publication days: Tuesday; Wednesday; Thursday; Friday
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Fax: 218412
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Times of Central Asia, English language, private
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Phone: 680567, 681150
Fax: 680769
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Sales Department: 285-635, 285-546, 285-244; fax: 680-388
E-mail: webmaster@vb.kg
Homepage: www.vb.kg

BROADCAST MEDIA

Almaz (radio)

Address: 13, Logvinenko Str (ZUM-6TH floor)
Phone: 22-68-63, 66-37-51, 68-17-29
Fax: 66-37-51
Contact: Mr. Rustam Koshmuratov - Director, Mr. Alexei Sidorov
E-mail: almaz@kynrnet.kg

Max (radio)

Homepage: www.max.kg
Address: 315, Chui prospect
Phone: 65-19-50, 24-35-39
Fax: 65-19-50
Contact: Ms. Olga Zubkova - Director
E-mail : radiomax@elcat.kg

Pyramid (TV/Radio)

Homepage: <http://www.pyramid.elcat.kg/>
Address: 70, Djantosheva Str
Phone: 51-15-50, 51-00-15, 51-00-17, 51-00-16, 28-28-28, 51-00-19, 47-66-69, 47-16-24, 41-06-32, 41-01-31, 27-04-12
Fax: 51-15-50, 47-16-24, 51-00-12, 52-61-65
Contact: Mr. Andrey Tsvetkov - TV Director, Mr. Adylbek Binazarov - President, Ms. Galina Pavlenko – Technical Director; Mr. Oleg Vassil – Vice President, Ms. Larisa Golikova - Sales Manager
E-mail: postmaster@pyramid.elcat.kg

NBT (?V)

Address: 6, Alma-Atinskaya Str
Phone: 53-07-45, 53-07-46, 53-07-47
Fax: 25-74-70
Contact: Mr. Oleg Akmatalliev - President
E-mail: nbt@infotel.kg

VOSST (TV/Radio)

Address: 7th district, 46?
Phone: 41-94-04, 41-95-92, 41-95-44, 41-97-72, 41-96-40
Fax: 41-95-92

Contact: Ms. Gulmira Temiralieva - President
E-mail: trkvosst@imfiko.bishkek.su

KOORT (TV)

Homepage: <http://www.koort.kg>

Address: 24, Ibraimova str. (15th floor)

Phone: 54-77-27, 54-76-43

Fax: 54-77-15

Contact: Mr. Tugelov - Director, Mr. Oleg Sitko - Managing Director, Mr. Omurbek Sataev - Gen. Producer

E-mail: office@koort.kg

Asia Center (Radio Echo Moskv)

Address: 605-207, Chui prospect

Phone: 22-57-78, 22-54-42

Fax: 22-06-40

Contact: Mr. Aleksei Lesnikov - General Director

E-mail: echo@elcat.kg

"Europe+", "Russkoe Radio", "The Kyrgyz Republic Obondoru"

Homepage: <http://www.europa.kg/>

Address: 4b, Almatinskaya Str

Phone: 53-05-55, 53-09-99, 53-05-35, 53-01-11, 53-10-65 news

Fax: 53-09-99

Contact: Mr. Aider Bekirov - President, Mr. Sergei Ogai - Director

E-mail: europa@infotel.kg, office@europa.kg

Hit FM (Delta)

Address: 36, Chui (13th floor)

Phone: 68-10-56

Fax: 68-10-76

Contact: Mr. Dmitri Gudkov - Director

E-mail: hitfm@mail.ru

? pen Channel (radio)

Address: 6, Almatinskaya str, room 406

Phone: 43-14-98, 43-20-03 air

Fax :

Contact: Mr. Wes Hendrikson - Director

E-mail: okradio@elcat.kg

Manas FM (radio, Kyrgyz-Turkish University Manas)

Homepage: <http://www.Manas.kg/radio/>

Address: 56, Mira Avenue

Phone: 54-19-42, 54-19-43-6

Fax:

Contact: Mr. Torpak Dengiz - Director, Ms. Aida Moldalieva - Reporter

E-mail: Manasfm@Manas.kg

Auto Radio

Homepage:

U.S. Commercial Service

Address: 119A, Ahunbaeva Str

Phone: 42-72-79

Fax:

Contact: Mr. Ulan Alybaev - General Director, Mr. Oleg Zayarnuk – Technical Director

E-mail: autoradio@elcat.kg

Radio "Shanson"

Address: 34, Chui (13th floor)

Phone: 68-08-34

Fax: 28-47-37

Contact: Mr. Tofik Aliev - General Director

E-mail: shanson@infotel.kg

Radio "Retro"

Address: 6, Almatinskaya Str., 2nd floor

Phone: 43-20-01, 53-08-85

Fax: 60-04-10

Contact: Ms. Djamilya Unusalieva - Director

E-mail: retro.kg@mail.ru

"Mir" (TV/Radio)

Address: 170, Sovetskaya Str.

Phone: 66-05-14

Fax: 66-05-15

Contact: Mr. Zakon Kuruchbekov - Director

E-mail: mirbishkek@infotel.kg

Kyrgyz State TV/Radio Corporation

Address: 59, Molodaya Gvardia

Phone: 25-34-04

Fax: 65-10-04

Contact: Ms. Toktobubu Aitikeyeva – President

CHAPTER 7: INVESTMENT CLIMATE

Openness to Foreign Investment

The President of the Kyrgyz Republic has made attracting foreign investment a priority and has supported the creation of an administrative structure that is specifically tasked to improve the investment climate. Deputy Prime Minister Djoomart Otorbaev heads this "Secretariat for Attraction of Foreign Investment" (the "Secretariat") and leads the effort to identify and remove barriers to foreign investment.

During roundtables held in 2001, 2002 and 2003, the Kyrgyz government (GOKG) and members of the business and diplomatic communities discussed needed reforms and a strategy for marketing the Kyrgyz Republic to foreign investors. The participants developed a detailed plan to encourage investment through reform of the banking sector, the legal system and infrastructure improvement. Despite the Secretariat's efforts, implementation of this plan has been plagued by delays in both Parliamentary approval of needed changes to Kyrgyz law and action by the relevant bureaucracies. Areas of success are discussed further in this report.

The Kyrgyz Republic has a liberal investment regime. A broad base of commercial laws is in place but these laws are not always implemented consistently. Foreign investors must register their firm with the Ministry of Justice. In addition to registration, expatriate employees must obtain a work permit from the Ministry of Labor. Foreign investors usually form a joint venture with a local partner, which has proved the most successful strategy to date.

The legal concept of the sanctity of a contract is not consistently observed. Individual investors have become involved in disputes over licensing, registration, and enforcement of contracts. Corruption is a serious problem. In June 2002, Parliament passed the Law on Commercial Arbitration, creating a mechanism for expeditious resolution of commercial disputes. This mechanism is still in the nascent stages of implementation and has not yet been tested.

Kyrgyz law on foreign investment guarantees protection for foreign investors from expropriation and nationalization. The recent initiatives promoted by the Secretariat are designed to remove bureaucratic delays within the Kyrgyz government structure but have not fully succeeded in doing so. In practice, Kyrgyz officials and agencies have wide latitude in interpreting the law.

Banking laws do not discriminate against foreign banks. Three foreign banks - Demir Bank, Bank of Asia and National Bank of Pakistan - are registered in the Kyrgyz Republic. Several other banks have significant foreign ownership (see paragraph 30 below).

There is no evidence of discrimination against foreign investors. However, procedures for licensing and approvals are not transparent, which can make the process seem discriminatory. Tax authorities could target foreign entities, as they are more solvent, higher profile and likely to comply with tax laws.

Conversion and Transfer Policies

Foreign exchange is widely available, and the local currency, the som, is freely convertible. Currently, the National Bank of the Kyrgyz Republic (NBKR) conducts weekly inter-bank currency auctions where competitive bids determine market-based transaction prices. Banks clear payments within a single working day.

Few foreign businesses complain of currency conversion issues. Some Kyrgyz entities, particularly in the agricultural sector, are strapped for cash and thus engage in cashless barter transactions. Many domestic entities owe each other money, and default is a general problem throughout the economy.

In 2000 and 2001, several Kyrgyz banks declared bankruptcy, lost their licenses, or were restructured. Depositors at these banks have complained of substantial losses. The government does not guarantee or insure deposits with Kyrgyz banks. No bank closures occurred in 2002.

Expropriation and Compensation

The Kyrgyz government has not practiced expropriation. Foreign investors have the right to compensation in the case of government seizure of assets. However, there is little understanding of distinctions among historical book value, replacement value, and actual market value, which brings into question whether the government could calculate a fair basis for compensation in the event of expropriation. In previous years, bank accounts and other liquid assets have been frozen while disputes were resolved.

Foreign ownership of land is prohibited. Previously, neither foreigners nor locals had the right to own land. As a result of an October 1998 referendum, private land ownership has been introduced. While foreign ownership of land is still forbidden, there is no prohibition on foreign rental of land for residences

or factory sites. A central land registry has helped potential lenders and others deal with the financing of real property (land, buildings, and other improvements) in a more sophisticated manner.

Dispute Settlement

The Law on Commercial Arbitration allows for international and domestic arbitration of disputes. If feasible, the arbiter should be a neutral entity that is identified in the contract, along with the specific terms of arbitration. Establishing the terms for arbitration beforehand will prevent further complications in the event of a dispute.

The Kyrgyz Republic is not a member of the International Center for the Settlement of Investment Disputes (ICSID). It signed the ICSID agreement on June 9, 1995 but the agreement has not been ratified. The Kyrgyz Republic became a member of the New York Convention of 1958 on the recognition and Enforcement of Foreign Arbitral Awards on March 18, 1997.

Performance Requirements and Incentives

Former tax holidays and other incentives for foreign investors have been eliminated in accordance with standards preferred by international financial institutions and as a requirement of the Kyrgyz Republic's entry into the World Trade Organization. The Kyrgyz Republic is in compliance with WTO TRIMS obligations. The Kyrgyz government has also reduced the tax burden on repatriation of profits by foreign investors to conform to the tax rate for domestic investors. There are no specific conditions for permission to invest. However, any project is likely to be scrutinized for its effect on employment and tax revenues.

Visa requirements and fees may change on short notice. Government ministries, lacking adequate budgets, often finance their operations through arbitrary users' fees. For example, notaries public provide the Justice Ministry with funds by assessing a percentage fee (10%) based on a project's overall valuation.

Taxes are complex, with businesses paying 12 to 19 different taxes. Some of these, while not financially burdensome, nevertheless involve complex and time-consuming accounting. Payroll taxes such as social fund payments, used for the National Pension System, are also complex. Transparency is a problem, as even basic laws, tax rates, and regulations are seldom published due to insufficient government budgets.

Right to Private Ownership and Establishment

Foreign and domestic private entities may own business enterprises and engage in a broad range of commercial activities. Foreign entities are expressly forbidden to own land, including farmland, although regulations allow for up to 99-year leases of property, which is adequate for most business purposes.

Foreign investors are theoretically given equal treatment under Kyrgyz law. In reality, well-connected Kyrgyz private or state-owned companies are able to utilize their contacts to achieve their business aims. The disadvantage for foreign investors is not overtly discriminatory, but rather results from them not knowing how to "work the system".

Protection of Property Rights

Protection of property rights is developing. Court actions can force the sale of property to enforce

payments and other contractual obligations. New laws on collateral and bankruptcy will make the enforcement of commercial obligations increasingly viable and more widely respected. A central lien registry, now functioning, also reduces disputes over collateral.

The Kyrgyz Republic adheres to agreements on intellectual property rights as a member of the WTO. Due to changes in business practices and adherence to international standards required for WTO members, the Kyrgyz Republic's trade and investment regime is unusually liberal for Central Asia. The Kyrgyz Republic acceded to both the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT) in March and August 2002 respectively. Implementation of these agreements is ongoing. The Ministry of Interior has already pursued a case against a Kyrgyz firm that had allegedly violated Microsoft's intellectual property rights.

Transparency of the Regulatory System

The legal and regulatory system of the Kyrgyz Republic is still developing. Although the body of new commercial law promises to be an effective basis for commerce, implementation of regulations and court orders remain to be worked out implemented fully. The Kyrgyz system is still heavily bureaucratic, a legacy of the Soviet era. Investors must overcome a great deal of red tape in order to do business.

In an effort to assist foreign investors on a variety of issues, the State Committee for Foreign Investments and Economic Development established an agency based on the 'one-stop-shop' model. However, businesses report that this agency doesn't prevent bureaucratic holdups. Officials reserve the right to reverse stated policies without prior notice. While bureaucratic procedures have not been fully streamlined, these procedures are smoother and more transparent than those in much of the former Soviet Union.

Efficient Capital Markets and Portfolio Investment

The National Bank of the Kyrgyz Republic increasingly favors modern financial practices. The currency is freely convertible, Kyrgyz bonds are available for foreign ownership, and the stock market is developing.

In May 2003, the stock market listed 21 companies, 18 of which had converted to international accounting standards. There are also approximately 500 unlisted companies trading at the exchange weekly. The total volume of trade for May 2003 was 4,270,000 shares valued at 64,110,000 som (approx. USD 1,440,000). As of May 2003, an average daily volume of 172,000 shares was traded, valued at 1,871,000 som (about USD 42,000). The charter capital of the exchange is USD 567,000. Although most shares are still traded over the counter, a new computerized central depository for shareholder information has simplified trades and record keeping.

Total capitalization of the banking sector as of January 2003 was about USD 36,500,000. There are currently 18 commercial banks in the Kyrgyz Republic, with a total of 149 branches throughout the country.

Several foreign banks now operate in the Kyrgyz Republic. Demir Bank, Bank of Asia, and National Bank of Pakistan are entirely foreign held. Other banks are partially foreign held, including the Asia Universal Bank (70% foreign held), Reidan Bank (30% foreign held), and Aman Bank (30% foreign held). Although no U.S. bank has set up operations in the Kyrgyz Republic to date, many Kyrgyz banks maintain correspondent relations with U.S. and other foreign banks to facilitate short-term commercial lending, such as letters of credit.

The Kyrgyz Credit and Investment Bank (KICB) began operation in mid-2001. It was created to provide commercial lending and other services while helping to introduce western banking practices and encouraging the entry of other banks into the Kyrgyz market. KICB's principle shareholder is the Aga Khan Fund for Economic Development, which has a 30 percent stake. Other shareholders are IFC, ERBD, and the German Bank for Reconstruction and Development (DEG), each with 20 percent shares, and the Kyrgyz government with a ten percent share.

The Kyrgyz Republic is largely a cash society, and outside investors have rarely sought financing from domestic banks. Bank lending is heavily biased towards short-term loans against physical assets as collateral. The questionable liquidity of assets and unreliability of asset valuation make the quantity of physical assets an unreliable gauge for assessing borrowers. Earning potential of individuals and entities, although more reliable than physical assets, is suspect as a basis for lending decisions. Many banks prefer to deal in national bonds rather than lend at all.

In 2000 the National Bank of the Kyrgyz Republic introduced a minimum charter capital requirement of 50 million som in response to Asian Development Bank conditions, later increased to 100 million som in August 2001. In Spring 2002, the minimum owned capital requirement (charter capital plus or minus profit or losses) was set at 25 million som (approx. USD 40,000). It will increase to 30 million some in July 2003 and 60 million by January 2006. Banking law also requires that banks maintain reserves of 10% on deposit with the National Bank. No deposit insurance or government guarantee of deposits exists, although a draft law to establish a system has been awaiting Parliament's approval since 1999.

Between 1999 to mid-2001 Insan Bank, Akyl Invest Bank, Bishkek Bank, Maksat Bank, the KRAMDS bank, Mercury Bank, and Kurulush Bank became insolvent and suspended operations. The KRAMDS Bank was placed under the National Bank's special administration, and remains under scrutiny of the National Bank's regulators. Insan Bank, Kurulush Bank, Bishkek Bank, Maksat Bank and Mercury Bank had their licenses for operation revoked, were declared bankrupt, and have been liquidated.

Accounting systems in banks and enterprises are rapidly being converted to international standards. The Kyrgyz government has supported this exercise. International assistance programs have contributed to rapid progress in reaching these standards via accounting training and certification. The National Bank of the Kyrgyz Republic (NBKR) is trying to impose strict regulation of the banking system after the collapse of five banks mentioned above. The closure of a number of weaker banks in recent years has made the banking sector stronger and more viable as a whole.

Political Violence

There have been no incidents of politically motivated damage to projects and installations. While political tensions have heightened in recent years, Kyrgyz citizens enjoy basic rights, including the right to protest and demonstrate. They have exercised these rights more freely than citizens in nearby countries, but recently the government of the Kyrgyz Republic has moved to increasingly restrict these rights.

In the summers of 1999 and 2000, armed Islamic Movement of Uzbekistan (IMU) insurgents entered the southern the Kyrgyz Republic and took a number of Kyrgyz citizens and foreigners captive. While many of these insurgents were apparently eliminated during military operations in Afghanistan, the Department of State urges U.S. citizens to avoid travel to the following areas of the Kyrgyz Republic: the rural areas along the Kyrgyz-Uzbek and Kyrgyz-Tajik borders, the areas to the south and west of the provincial capital Osh, and the Batken Oblast. All U.S. government personnel are prohibited from traveling to these areas of the Kyrgyz Republic due to the security situation in these areas. Americans

planning to travel to the Kyrgyz Republic should refer to the U.S. Department of State for updated security information. This information is available on the Internet at <http://travel.state.gov>.

There are tensions among the Kyrgyz, Russians, Uzbeks, and other ethnic groups over language, land rights and religion. As well, there are tensions between Kyrgyz from the north and south of the Republic. Such tensions, however, would seldom affect foreign employers directly. The Kyrgyz Republic sometimes faces tensions with nearby countries over water rights, energy payments, and other issues. However, effective measures have been taken to discuss such issues in international fora, and it is unlikely that such tensions would translate into disputes directly affecting foreign investors.

Corruption

As in many developing countries, corruption exists at all levels of society. As elsewhere, U.S. firms complying with the Foreign Corrupt Practices Act may be disadvantaged with respect to other foreign firms. However, most U.S. firms that have resolved to invest and do business in the Kyrgyz Republic have eventually been able to do so.

The government has declared the fight against corruption to be a priority. To date, measures targeting bribery and other such economic crimes have been selectively enforced, typically against persons perceived as political enemies of the government. No cases have been brought against foreign investors. However, local authorities, including police and courts, have in the past been involved in pressuring foreign investors to resolve business disputes.

The Ministry of Internal Affairs (the police) and the National Security Service (the successor to the KGB) are responsible for investigating corruption, together with the Prosecutor General and subordinate prosecutors. Kyrgyz law enforcement officers received integrity awareness training under a U.S. government-sponsored anti-corruption program in August 2001. As well, the government has created special police anti-corruption units, however their effectiveness has not been proven.

The Kyrgyz Republic is not a signatory to the OECD Convention on Combating Bribery. However, the OECD and the World Bank do report on the progress of anti-corruption measures. The Economist Intelligence Unit also has reported on corruption in the Kyrgyz Republic and efforts to eliminate it.

U.S. and third-country firms have identified corruption as a major obstacle to foreign investment. While bribing a government official is technically a criminal act, prosecution is unheard of. Corruption is found in every aspect of a company's interaction with the government, including licensing, dispute settlement, government procurement, regulatory activity and taxation. While senior government officials talk about ending corruption, it is generally accepted that corruption goes to the highest levels of government, and government proposals to eliminate corruption have produced little change in its pervasive role in the Kyrgyz economy.

Bilateral Investment Treaties

The Kyrgyz Republic currently enjoys bilateral investment treaties with the United States, Armenia, Azerbaijan, Belarus, China, France, Georgia, Germany, India, Indonesia, Iran, Kazakhstan, Malaysia, Mongolia, Pakistan, Switzerland, Tajikistan, Turkey, United Kingdom, Ukraine, and Uzbekistan.

The Kyrgyz Republic has also signed double taxation treaties with several countries including Belarus, Canada, India, Kazakhstan, Mongolia, Poland, Russia, Tajikistan, Turkey, Ukraine, and Uzbekistan. The U.S.-U.S.S.R. treaty on double taxation, which was signed in 1973, remains in effect between the U.S. and the Kyrgyz Republic.

OPIC and Other Investment Insurance Programs

OPIC is currently active in the Kyrgyz Republic. The event of an inconvertibility claim against OPIC is highly unlikely, given the Kyrgyz Republic's liberal conversion regime. As of June 2003 the local currency, the som, has a conversion rate of 44.5 som to the dollar. The exchange rate is market-based. According to government statistics, the CPI (Consumer Price Index) increased by 2.3% in 2002.

Labor

Labor is widely available, including well-educated specialists. International organizations are generally able to employ competent staff, often bilingual in English or other languages, without difficulty and the availability of competent staff is likely to grow, not diminish, with time. Literacy in the Kyrgyz Republic is approximately 98 percent. Considering the lack of employment prospects for technically skilled workers, investors can easily find skilled labor in the Kyrgyz Republic. As of December 2002, the official unemployment rate was 3.2%. The actual rate may be ten times higher.

Free Economic Zones

Several Free Economic Zones (FEZs) exist, but some are likely to be closed because of poor results. There are currently four FEZs in the Kyrgyz Republic: Bishkek, Naryn, Karakol, and Maimak. Each is situated to make use of transportation infrastructure and/or customs posts along the Kyrgyz borders. Goods entering and traded within the zones are duty free within the Kyrgyz Republic. Government incentives for investment in the zones include exemption from several taxes, duties and payments; exemptions from some import and export duties; simplified customs procedures; and direct access to utility suppliers. FEZs are under scrutiny by the GOKG, which is trying to control their operations. The production and sale of petroleum, liquor and tobacco products in FEZs is banned.

Foreign Direct Investment Statistics

According to the State Statistical Committee, Foreign Direct Investment totaled USD 116 million in 2002, an increase from an estimated USD 90 million in 2001. Government statistics are generally accurate regarding inflation and price levels. However, the problem of registering and tracking the many new private businesses has rendered statistics on employment, the tax-base, and national economic performance less accurate. The shadow economy may account for up to one-half of overall economic activity.

Foreign direct investment is chiefly oriented toward trade, restaurant services, industry, transportation, communications, and the financial sector. Many foreign firms conduct contract work for foreign assistance organizations. U.S. direct investment is concentrated in the hotel and telecommunications sectors with increasing interest in construction and mining.

Joint ventures and foreign companies in the Kyrgyz Republic include the Reetsma Kyrgyzstan Company (cigarettes), the Plaskap Bishkek Company (packaging/bottling), Besser Brick Company, the Central Asian Group (entertainment/garments), and the Hyatt Regency Bishkek. A Turkish Coca-Cola franchise bottles its soft drinks locally, and the Canadian gold-mining firm Cameco has formed the largest western joint venture in the Kyrgyz Republic, the Kumtor Operating Company. Joint ventures play a leading role in the mining, petrochemical, hotel and food processing sectors.

According to the National Statistics Committee, the following countries were the largest sources of FDI in 2002: Canada, USD 25.7 million; USA, USD 39.1 million; Turkey USD 30 million; Germany, USD

31.4 million; Korea, USD 11.7 million; China 10 million.

In 1998-2002, regional shares of total foreign investment were: Issyk-Kul Oblast - USD 37.4 million (6.9%); the city of Bishkek USD 322 million (59.6%); Osh Oblast - USD 95.8 million (17.7%); Jalal-Abad Oblast - USD 43.7 million (8.1%); Chui Oblast (excluding Bishkek) - USD 32.3 million (6%); Naryn Oblast - USD 5.2 million (1%) and Batken Oblast – USD 3.8 million (.7%).

General

In connection with the war on terrorism, a new Coalition airbase has been built near Bishkek. The base houses American troops as well as troops from eight other Coalition countries. From December 2001 through April 2003, total Coalition expenses amounted to USD 73.9 million, including expenses by American forces totaling USD 64.1 million. In addition, Coalition military personnel have privately exchanged almost USD 2.6 million (119.3 million som).

The capital city of Bishkek has an international English-language elementary school and other services for expatriate families. The Hyatt Regency is the only five-star hotel in town. The Pinara Hotel is a four-star hotel alternative near the U.S. Embassy. There are several three star hotels in Bishkek. Direct air connections provide service to Istanbul, London, Hanover, and Asian locations including Sharjah, Beijing, and Delhi. Other cities, such as Amsterdam, Vienna, and Frankfurt, are served from Almaty, Kazakhstan, a three-and-a-half hour drive from Bishkek.

CHAPTER 8: TRADE AND PROJECT FINANCING

In 1999, the ratio of average trade volume to GDP, an indicator of the openness of the economy, has grown to 41.8 percent, the largest in the last six years. This statistic indicates the important role of international exchange of goods for the economy of the Kyrgyz Republic.

BANKING SYSTEM

As of January 1, 2003, there were 17 commercial banks, Settlement and Saving Company and 2 branches of non-resident banks in the Kyrgyz Republic. At present, Kyrgyz commercial banks have correspondent relations with 413 foreign banks, 60 percent of which are CIS banks.

The banking system consists of both state-owned and private banks supervised by the National Bank. In last years, the National Bank forced four private banks to enter bankruptcy procedures because they either had issued significant loans that were not secured by their capital or had violated operational rules for banks. There are plans to privatize the highly capitalized Kairat Bank and the Settlement and Saving Company. As of August 1, 2001, the National Bank of the Kyrgyz Republic has required all banks to meet a minimum charter capital requirement of 100,000,000 som. The NBKR announced in December 2002, that commercial banks' minimum size of capital (own means) should be not less than 30 million som (approx. \$645,000) by July 1, 2003 and not less than 60 million som (approx. \$1.29 million) by January 1, 2006.

In general, the banking system is weak and undercapitalized. There are currently 19 operating banks with 148 branches. Real interest rates remain high and long- term credit is unavailable. Most banks earn profit primarily from foreign exchange operations and trading of treasury bills. There are no foreign exchange controls for either trade or investment. Hundreds of licensed foreign exchange vendors freely trade currencies at market prices. Short-term finance for trade is available at high interest rates. Most foreign entities do not seek credit in the Kyrgyz Republic because of its high cost. Export finance is difficult to obtain. Most imports are paid for by cash or cash transfer. Letters of credit are not commonly used here. Nearly everything is done on a cash basis in the private sector. The U.S.

Eximbank does not finance exports to the Kyrgyz Republic.

There are a number of sources of project financing. OPIC finances investments in the Kyrgyz Republic. The European Bank for Reconstruction and Development finances private sector projects in the Kyrgyz Republic by member countries. The Asian Development Bank and the World Bank/IFC also finance public sector projects in agriculture, transport, energy, telecommunications, and education.

List of banks with correspondent U.S. bank arrangements and selected financial institutions:

National Bank of the Kyrgyz Republic

(Central bank issuing the licenses for bank activities, debt collection, installment lending)

Chairman: Mr. Ulan Sarbanov

101, Umetaliyev Street, Bishkek 720040, Kyrgyz Republic

Tel: (996-312) 2175 93, 66 90 11

Fax: (996-312) 21 74 27, 61 07 30

Telex: 24 51 27 rahat su

E-mail: mail@nbkr.kg

Web-site: <http://nbkr.kg>

U.S. correspondent banks: New York Citibank, Riggs Bank in Washington, DC, Federal Reserve Bank of New York

International Monetary Fund office:

Mr. Bhaswar Mukhopadhyay, IMF Resident Representative

101, Umetaliyev Street, Bishkek 720040, Kyrgyz Republic

Tel: (996-312) 61 18 16, 61 18 15

Fax: (996-312) 61 01 65

E-mail: bmukhopadhyay@imf.org or iakmatova@imf.org

Web-site: www.imf.org

The World Bank, Resident Mission in the Kyrgyz Republic

Mr. Christopher Lovelace, Country Manager

214, Moskovskaya Street, Bishkek 720010, Kyrgyz Republic

Tel: (996-312) 61 06 50, 61 01 57

Fax: (996-312) 61 03 56, 61 04 81

E-mail: tbukatova@worldbank.org

Web-site: www.worldbank.org.kg

Asian Development Bank

Mr. J. C. Alexander, Country Director

28, Logvinenko Street, Bishkek 720001, Kyrgyz Republic

Tel: 996 (312) 61 08 70, 61 11 82, 60 04 45, 60 04 47

Fax: 996 (312) 61 09 93

E-mail: drysaliyeva@adb.org

Web-site: www.adb.org

European Bank for Reconstruction and Development:

Mr. Fernand Pillonel, Head of Resident Office

26, Geologicheskiiy pereulok, Bishkek, 720005 Kyrgyz Republic

Tel: 996 (312) 53 00 16, 53 00 17

Fax: 996 (312) 62 08 00

E-mail: abduraha@bsk.ebrd.com

U.S. Commercial Service

Web-site: <http://ebrdnet.ebrd.com>

Commercial banks (in alphabetical order):

AsiaUniversalBank (AUB)

Chairperson: Mr. Nurdin Abdrazakov

187, Toktogula St., Bishkek, Kyrgyz Republic, 720001

Tel.: +996 (312) 666634, 620252

Fax: +996 (312) 670422

E-mail: reception@aub.kg

Web-site: www.aub.kg

U.S. correspondent banks: Union Bank of California

AKB Kyrgyzstan

Chairperson: Mrs. Sharipa Sadybakasova

54-a, Togolok Moldo Street, Bishkek 720001, Kyrgyz Republic

Tel: (996-312) 21 95 98

Fax: (996-312) 61 02 20

Telex: 24 51 26 meken su

E-mail: akb@elcat.kg

Web-site: www.bankkg.kg

U.S. correspondent banks: New York Citibank, Banker Trust Company of New York and Riggs National Bank in New York

Amanbank

Chairperson: Mrs. Shatkul Kudabaeva

249, Tunustanova Street, Bishkek 720001, Kyrgyz Republic

Tel: (996-312) 622077, 662441, 660603, 661922, 662349

Fax: (996-312) 600497

Telex: 24 51 89 akturkh

E-mail: bank@amanbank.kg

Web-site: www.amanbank.kg

U.S. correspondent banks: n/a

Bank - Bakai

Chairman: Marat Alapayev

75, Isanov Street, Bishkek 720001, Kyrgyz Republic

Tel: (996-312) 66 06 10, 66 08 24

Fax: (996-312) 66 06 12

Telex: 24 51 39 bakakg22

E-mail: bank@bakai.kg

Web-site: www.bakai.kg

U.S. correspondent bank: Bank of America, Union Bank of California

Bank of Asia

Chairperson: Mr. Pak Juri

303, prospect Manasa, Free Economic Zone, Bishkek, Kyrgyz Republic, 720016

Tel.: +996 (312) 551053, 551184, 287310

Fax: +996 (312) 551182

E-mail: bankasia@elcat.kg

Web-site: www.bankasia.elcat.kg

U.S. correspondent banks: Union Bank of California

U.S. Commercial Service

Demir Kyrgyz International Bank
General Manager: Mr. Ahmet Parmaksiz
245, Chui Prospect, Bishkek 720001, Kyrgyz Republic
Tel: (996-312) 61 06 10, 61 04 41
Fax: (996-312) 61 04 44, 61 04 45
Telex: 471015 dkib kz, 471032 dk cc kz
E-mail: dkib@demirbank.com.kg
Web-site: www.demirbank.kg
This bank converted to GAAP accounting standards.
U.S. correspondent banks: New York Citibank, American Express Bank

Doscredobank
Chairman: Mr. Orozbek Abdrazakov
52, Chui Prospect, Bishkek 720011, Kyrgyz Republic
Tel: (996-312) 682175, 682167, 682173, 681767, 680532
Fax: (996-312) 682167, 680225
Telex: 91 49 02 credo ru
E-mail: credo@netkey.bishkek.su
Web-site: [n/a](#)
U.S. correspondent banks: n/a

Ecobank
Chairman: Mr. Askar Abdyvasiev
17, Geologicheski pereulok, Bishkek 720031, Kyrgyz Republic
Tel: (996-312) 543582, 543581, 543576
Fax: (996-312) 543580
Telex: 24 51 70 ecokh
E-mail: office@ecobank.kg
Web-site: www.ecobank.kg
U.S. correspondent banks: Deutsche Bank Trust Company Americas in New York

Energobank
Chairman: Maksatbek Ishenbayev
493, Jibek-Jolu Prospect, Bishkek 720070, Kyrgyz Republic
Tel: (996-312) 670047
Fax: (996-312) 670048
Telex: SWIFT enejkg22; 47 10 28 energ kz energo/krz
E-mail: energy@elcat.kg
Web-site: www.energobank.kg
U.S. correspondent banks: Citibank NA New York, Societe Generale NY

Ineximbank
Chairman: Murat Kunakunov
57, Kalyka Akieva Street, Bishkek 720001, Kyrgyz Republic
Tel: (996-312) 650610
Fax: (996-312) 650654
E-mail: info@ineximbank.com
Web-site: www.ineximbank.com
U.S. correspondent bank: Bank of New York, Riggs Bank, Banker Trust Company of New York

U.S. Commercial Service

Kairat (was reorganized from the former "Maksat" Bank)

Chairperson: Kastoru Mamytova

390, Frunze Street, Bishkek 720033, Kyrgyz Republic

Tel: (996-312) 218932

Fax: (996-312) 218955

E-mail: kairat@kairatbank.kg

Website: www.kairatbank.kg

U.S. correspondent bank: Bank of America International in New York, New York branch of Credit Lyonnais, Citibank International, Deutsche Bank Trust Company Americas in New York.

KazKommertsbank

Chairman: Kanat Mamakeev

42, Isanova Street, 2nd floor, Bishkek, 720017 Kyrgyz Republic

Tel.: +996 (312) 664646, 660524

Fax: +996 (312) 660704

E-mail: bishkek@kkb.kz

Telex: 24 51 81 avto sv

Web-site: www.kkb.kz

U.S. correspondent bank: New York Citibank, Bank of New York

Kyrgyz Investment and Credit Bank (KICB)

Deputy Chairman: Mr. Jim Egan

11th floor, 28-A, South Gate Business Center,

8 Microrayon, Bishkek, Kyrgyz Republic, 720075

Tel.: +996 (312) 512380, 512381, 512382

Fax: +996 (312) 512379

E-mail: kicb@kicb.net

Web-site: www.kicb.kg

U.S. correspondent banks: Deutsche Bank Trust Company Americas in New York

Kyrgyzcredit

Chairperson: Mrs. Cholpon Davletova

194, Moscovskaya Street, Bishkek 720010, Kyrgyz Republic

Tel: (996-312) 218674, 218652, 216676, 610857, 610701

Fax: (996-312) 216862, 610701

Telex: 24 51 19 kcred kh

E-mail: kyrgyzcredit@infotel.kg

Website: n/a

U.S. correspondent banks: n/a

Kyrgyzpromstroybank

Chairman: Mr. Muratbek Mukashev

168, Chui Prospect, Bishkek 720040, Kyrgyz Republic

Tel: (996-312) 217576, 216543

Fax: (996-312) 218445

E-mail: kirgpsb@transfer.kg

Web-site: www.kpsbank.kg

U.S. correspondent banks: New York Citibank and Bank of New York

National Bank of Pakistan (NBP)

Chairperson: Mr. Shuja-ul-Mulk

9, Prospect Manasa, Bishkek, 720017 Kyrgyz Republic

U.S. Commercial Service

Tel.: +996 (312) 661560, 662116

Fax: +996 (312) 600661, 663332

E-mail: nbp.bishkek@transfer.kg

Web-site: www.nbp.com.pk

U.S. correspondent banks: n/a, NBP has its own branch in USA

Savings and Settlement Company

Chairman: Mr. Ruslan Akmatbekov

38a, Molodaya Gvardia blvd, Bishkek 720010, Kyrgyz Republic

Tel: (996-312) 650152, 656746, 654538

Fax: (996-312) 650152

E-mail: a.konokbaev@ssc.kg

Web-site: www.ssc.kg

U.S. correspondent banks: Citibank, Deutsche Bank Trust Company Americas in New York

Tolubai Bank

Chairman: Mr. Jenishbek Baiguttiev

247, Toktogula Street, Bishkek 720010, Kyrgyz Republic

Tel: (996-312) 252913, 240246

Fax: (996-312) 2563 4, 243282

Telex: 914471 TOLUB RU, 416636 TOLUB KH

E-mail: tolubai@infotel.kg

Web-site: under construction

U.S. correspondent banks: n/a

Bank Association of the Kyrgyz Republic

Executive director: Abdykaly Imanaliyev

207, Chui Prospect, #33, Bishkek 720001, Kyrgyz Republic

Tel: (996-312) 211504, 665721

Association of commercial banks, financial and financial-credit organizations of the Kyrgyz Republic

Executive director: Ilya Borshevski

50, Pushkina Street, room 22, Bishkek 720011, Kyrgyz Republic

Tel/Fax: (996-312) 665038

In 1998, Kyrgyz banks converted to the new national accounting standards, which were adopted by the Kyrgyz National Bank, the Kyrgyz Ministry of Finance, and USAID Contractors using GAAP (Generally Accepted Accounting Principles).

CHAPTER 9: BUSINESS TRAVEL

BUSINESS CUSTOMS

Business customs are closely tied to social customs and it is important to allow plenty of time for meetings. Business meetings often lead to offers of meals that may be many hours long, offering course after course and many toasts. Some high level officials and businessmen do not drink, but others do drink alcohol. If you are firm your hosts will allow you to toast with a non-alcohol beverage. If you start with alcohol, however, it is difficult to switch to something non-alcoholic, and you may offend the host if you try.

Tours of factories and facilities may also become an obligatory part of initial meetings. Meetings are

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rarely held separately with different officials in a single company. Most, and often all, relevant officials will be at one large meeting, but very often only the most senior person will do most of talking. Small gifts with company logos, books, fruit, and alcohol or candy are often presented or exchanged.

KYRGYZ HOLIDAYS

January 1 New Year's day
January 7 Orthodox Christmas
March 8 Women's Day
March 21 Nooruz Muslim New Year
May 1 Labor Day
May 5 Constitution Day
May 9 Victory Day
Month** Orozo Ait Day
Month** Kurman Ait Day
August 31 Independence Day

**These dates are determined every year by the lunar Calendar

BUSINESS INFRASTRUCTURE

A). Transportation

The only two international carriers flying to Bishkek are Turkish Airlines and British airlines. Otherwise, Kyrgyz Air runs international flights to Hanover and Frankfurt (Germany), New Delhi, Karachi, Istanbul, and a few other cities. Aeroflot and Uzbek airlines also fly to Bishkek. Many U.S. travelers fly to Almaty via Europe and then come by car to Bishkek. The trip between Bishkek and Almaty takes three hours when the roads are clear. The road goes through mountain passes that are normally passable all winter, but the trip can take longer when snow and ice are heavy. Visitors taking this route must have a valid Kazakh visa as well as a valid Kyrgyz visa.

Within the country, it is possible to fly to major cities, Osh, Jalal-Abad and Karakol. There are daily Bishkek-Osh flights. Taxis are easily available and reasonably priced, though often dangerous and shabby. It is easy to arrange for a car and driver

For longer trips or for the day, and modern comfortable vehicles are available. Train and bus travel are not recommended.

B). Language

Both Kyrgyz and Russian are widely used in the Kyrgyz Republic. In Bishkek and some northern towns and cities Russian predominates although Kyrgyz is gaining in importance and frequency of use. In rural areas and some parts of the south, Kyrgyz dominates but most people can and will speak Russian. Most documents are written in Russian. English is not generally spoken, but a few high level officials and businessmen speak English. An increasing number of people know at least a little English and the study of English is popular.

C). COMMUNICATIONS

Telephone service is acceptable in the Kyrgyz Republic. There are digital lines allowing direct calls abroad. When using analog lines, calls should be placed via an operator after subscription to the service is made. It is possible to reach AT&T USA direct by dialing the necessary codes. Cellular, radiotelephone, local e-mail, and Internet connections are available from local private companies.

D). HOUSING

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Good quality housing is available in Bishkek ranging from inexpensive small apartments, through luxury apartments, to older houses and newly built luxury houses. The price range is correspondingly wide. The most important thing to consider in housing is the quality and availability of water, gas, and electricity. Apartments in the center of town are more expensive, but usually have more reliable services. Houses may or may not have adequate services and should be carefully scrutinized. All housing should also be carefully scrutinized on security grounds.

E). CRIME

Both economic and violent crime is increasing in the Kyrgyz Republic. Street crimes, such as mugging, physical assaults, and pickpocketing are common due to high unemployment. Violent crimes, such as murder and home invasion have occurred, due in part to an increase in the expatriate community and the presence of organized crime and gangs. Embassy Bishkek recommends that travelers not walk alone after dark anywhere, and should avoid being out late at night. Embassy Bishkek also recommends that travelers not take any form of public transportation alone, especially during the evening hours.

Travelers should not use unmarked taxis and should avoid the public display of money or credit cards. Visitors should be extremely cautious in and around hotels, bars, and parks. Police assistance, in most cases, is minimal. Uniformed militia patrolling the market near the Pinara hotel frequently challenge foreigners and demand money from them.

F). HEALTH

Medical assistance in the Kyrgyz Republic is not readily available. There is a severe shortage of all forms of medical supplies, diagnostic equipment, and medicines, and of western-trained doctors and nurses. Food sanitation is a major problem, and food poisoning, salmonella, giardia and diarrhea are common. Embassy Bishkek recommends that all visitors eat only cooked foods (no raw vegetables) and drink only bottled or distilled water. All visitors should ensure they have up-to-date vaccinations for typhoid fever, hepatitis a and b, diphtheria, and meningitis. There is a high incidence of contractible tuberculosis.

People should bring their own supplies and medicines for minor illnesses or injuries. For major illnesses or injuries the normal practice is to get emergency treatment at local facilities and to arrange for medical evacuation. All visitors should maintain medical evacuation insurance.

G). FOOD

Good fresh food is readily available in the Kyrgyz Republic and imported processed foods are available in many stores in Bishkek. Normal precautions should be taken in cleaning fresh fruits and vegetables, thorough cooking of meat and poultry and boiling of milk is required. Caution should be taken with non-pasteurized dairy products in general.

CHAPTER 10: ECONOMIC AND TRADE STATISTICS

APPENDIX A: COUNTRY DATA

Source: National Statistics Committee of the Kyrgyz Republic
Population: 5.1 million as of July 1, 2003
Population growth rate (percent): 0.8 (2001)

Religions: Islam, Russian orthodox
Government system: presidential
Administrative Divisions: seven Oblasts (regions), each divided into Rayons (districts)
Languages: Kyrgyz, Russian, Uzbek
Workweek: Monday-Friday or Monday-Saturday for some industries

APPENDIX B: DOMESTIC ECONOMY

| | 1998 | 1999 | 2000 | 2001 | 2002 |
|---|--------|--------|--------|--------|--------|
| GDP in current prices (mln som) | 33,891 | 48,321 | 65,358 | 73,883 | 75,240 |
| GDP growth rate (%) | 2.1 | 3.6 | 5.4 | 5.3 | -0.5 |
| GDP per capita (USD) | 1,452 | 1,127 | 1,231 | 1,505 | 1,697 |
| Consumer Price Index (% increase) | 16.8 | 39.9 | 9.6 | 3.7 | 2.3 |
| Foreign Exchange Reserves (USD mln) | 163.1 | 219.5 | 238.0 | 262.2 | 287.5 |
| Average Exchange Rate per USD | 20.9 | 39.0 | 47.7 | 48.4 | 46.9 |
| ODA Assistance (USD mln) by Fiscal Year | 70.8 | 81.4 | 66.1 | 50.9 | 115.0 |

Sources: National Statistics Committee, National Bank of the Kyrgyz Republic, EBRD, U.S. Embassy

APPENDIX C: TRADE STATISTICS (estimated in USD millions)

| | 1998 | 1999 | 2000 | 2001 | 2002 |
|-----------------------------|-------|-------|-------|-------|-------|
| Total country exports (FOB) | 535.1 | 462.6 | 510.9 | 480.3 | 500.7 |
| Total country imports | 755.7 | 546.9 | 506.9 | 440.4 | 552.8 |
| Exports to the USA | 7.6 | 11.2 | 2.8 | 7.1 | 36.1 |
| U.S. imports | 40.9 | 54.2 | 53.8 | 26.8 | 47.4 |
| Direct investments | 108.6 | 14.3 | -6.9 | -1.1 | 6.6 |

| | | | | | | |
|--------------------------|-------------------|--------------|--------------|-------------|-------------|-------------|
| Portfolio investments | | 26.3 | 26.3 | -1.3 | 1.2 | -12.0 |
| Other investments | | 157.0 | 166.0 | 46.7 | 13.7 | 80.7 |
| Total investments | | 291.9 | 206.5 | 38.5 | 13.8 | 75.3 |
| Credits received: | By government | 149.7 | 188.1 | 127.4 | 110.2 | 91.7 |
| | By private sector | 8.8 | 8.6 | 3.9 | 4.3 | 1.3 |

Source: National Bank of the Kyrgyz Republic

CHAPTER 11: U.S. TRADE CONTACTS

U.S. Embassy Bishkek
Commercial Section
Salvatore Amodeo, Pol/Econ Officer
Asel Sulaimanova, BISNIS Representative
171, prospect Mira, 720016 Bishkek, Kyrgyz Republic
Tel: 996 (312) 551241
Fax: 996 (312) 551264 or 996 (517) 777202
E-mail address: SulaimanovaA@state.gov
Department of State
Washington, DC 20521-7040

North American-Kyrgyz Business Council Inc.
Ms. Anne Pendleton, Executive Director
3028 Knoll Drive, Falls Church, Virginia, 22042
Tel: 703-532-1851; Fax: 703-241-1215

Central Asian-American Enterprise Fund
"South gate" Business Center,
28-a, Sovetskaya Street, floor 6, 8th Microrayon,
Bishkek 720075, Kyrgyz Republic
Tel: 996(312) 51 23 18, 51 23 19
Fax: 996(312) 51 23 25
E-mail: bishkek@caaef.com

Kyrgyz-American Business Council
Mr. Asylbek Aydaraliyev, Chairman (President of the International University of the Kyrgyz Republic)
225, Chui Prospect, #210, Bishkek 720001, Kyrgyz Republic
Tel: 996 (312) 21 83 35
Fax: 996 (312) 21 9615
E-mail: root@juk.bishkek.su

Chamber of Commerce and Industry
Mr. Boris Perfilyev, Chairman
107, Kiyevskaya Street, Bishkek 720001, Kyrgyz Republic

U.S. Commercial Service

Tel: 996(312) 21 05 65, 21 05 73, 21 05 64
Fax: 996(312) 21 05 75
E-mail: cci-kr@imfiko.bishkek.su
Web-site: <http://www.bishkekchamber.kg>

National Agency on Standardization and Metrology (Kyrgyzstandard)
Mr. Batyrbek Davlesov, Director
197, Panfilov Street, Bishkek 720040, Kyrgyz Republic
Tel: 996 (312) 22 78 84
Fax: 996 (312) 66 13 67
E-mail: kmc@infotel.bishkek.su

National Statistics Committee
Mr. Zarylbek Kudabayev, Chairman
374, Frunze Street, Bishkek 720033, Kyrgyz Republic
Tel: 996 (312) 22 74 85
Fax: 996 (312) 22 07 50, 22 07 59
E-mail: www.stat-gvc.bishkek.su
Web-site: <http://nsc.bishkek.su>

Custom Services Dept. of the Revenue State Committee under the Ministry of Finance
Mr. Zamirbek Malabekov, Director
4-a, Sovetskaya Street, Bishkek 720020, Kyrgyz Republic
Tel: 996 (312) 511899, 512018, 51 06 51
Fax: 996 (312) 51 24 64, 51 24 63
E-mail: duty@customs.gov.kg or papers@customs.gov.kg
Web-site: www.customs.gov.kg

BISNIS (Business Information Service for the Newly Independent States)
1401 Constitution Ave., NW
Stop r-BISNIS
Washington, DC 20230
Tel: 202/482-4655, toll free: 1-800-872-8723
Fax: 202/482-2293
E-mail: bisnis@ita.doc.gov
Home page: www.bisnis.doc.gov

U.S. Department of Agriculture
Foreign Agricultural Service
Trade Assistance and Promotion Office
1400 Independence Ave., SW
Washington, DC 20250
Tel: 202 720-7420
Home page: www.fas.usda.gov

Trade Information Center in Washington: 1-800-usa-trade

U.S. Department of State Office of Business Affairs:
Tel: 202 746-1625, fax: 202 647-3953

Overseas Private Investment Corporation:

U.S. Commercial Service

Tel: 202 336-8799

Home page: www.opic.gov

CHAPTER 12: MARKET RESEARCH

Post does not have a market research reporting program.

CHAPTER 13: TRADE EVENT SCHEDULE

1. Republican exhibition-fair (Agricultural machines/equipment) (Spring)
2. Agricultural exhibition-fair "Urojai" (Fall)
3. International exhibition-fair "Bishkek" (Fall)
4. International exhibition-fair "Kyrgyzstan-2003" (Spring)
5. Tourism Fair "Issyk-Kul" (Spring-Summer)
6. International Exhibition "Medicina" (Healthcare) (Spring)
7. City exhibition of educational institutions in KR "Obrazovanie" (Education) (Spring)
8. City exhibition "Mir Jenshiny" (Woman's world) (Spring)
9. Exhibition-fair "Molodeyjnaya Yarmarka" (Youth Fair) (Summer)
10. Universal International "Novogodnaya Yarmarka" (New Year's Fair)